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NOTES

WASHINGTON NOTES

CHOOSING RESERVE BANK DIRECTORS

The first actual steps toward the definite organization of the new reserve banks have been taken by the reserve bank organization committee in the issuance of letters to the several member institutions under date of June 2 and 3. In these letters are set forth the conditions under which the voting of the banks for "district reserve electors" is to be carried on. This is a matter that was not fully set forth in the Federal Reserve Act, and the rulings, with the precedents that they create, are therefore of unusual interest as equivalent to an addition to the act. Besides assuring the banks that they shall be protected in the exercise of a secret ballot, the official statement issued by the reserve bank committee provides that:

That part of Section 4 of the Federal Reserve Act which relates to the election of directors of Federal reserve banks provides that each member bank shall elect by ballot a district reserve elector and shall be permitted to nominate one candidate for a Class A and one candidate for a Class B director. In compliance with these provisions you are requested at a regularly called meeting of your Board of Directors to elect by ballot your district reserve elector, and to certify his name and signature to the Committee on the form inclosed herein for that purpose. The sole duty of the district reserve elector will be to vote, on behalf of your bank, for one Class A and one Class B director of the Federal reserve bank of your district. Any officer or director of your bank or any other person may be elected by your board to serve in this capacity as Elector. At the same meeting of your board at which you select the elector, you are also requested to nominate a candidate for Class A and a candidate for Class B director, if you desire to exercise this privilege which is conferred by Section 4 of the Act aforesaid. Class A candidates should be representative of the stockholding banks of your district and may be officers, directors, stockholders or employees of such banks. Class B candidates must be engaged in agriculture, commerce or some other industrial pursuit in your district, and must not be officers, directors or employees of any member bank. The statute contemplates that the nominees to be voted on by the electors shall represent the voluntary choices of the member banks, and it is of course unnecessary to emphasize the importance of placing in nomination candidates who will properly represent the interests of the banks electing them. Any

eligible candidate in your district may be placed in nomination, but only those nominated by banks in your particular group can be voted on by your district reserve elector. Each group will elect independently one Class A and one Class B director. When your bank has by appropriate action of your board of directors selected its candidates you are requested to certify their names promptly to the organization committee on the forms inclosed herewith for that purpose. When nominations have been received by the organization committee, ballots will be prepared showing all nominees of each group, and these will be immediately mailed to the electors of each group so that a vote may be taken as soon as possible. All nominations should be returned to the Committee within ten days after receipt of enclosed forms so that elections may be proceeded with. Failure to send in nominations will be construed as indicating that your bank does not desire to nominate candidates. When the ballots are received by the electors, each elector will indicate on the respective ballots his first, second and third choices for Class A, and first, second and third choices for Class B director. When this has been done, each ballot must be returned in a sealed envelope to the organization committee, and in order that the spirit of the Act may be fully complied with and that the voting may be free from any improper influence, it is not the purpose of the committee to make public the individual vote of any elector, but only the result as required by the statute.

Subject to these instructions, the banks have chosen and indicated to the reserve bank organization committee properly designated electors. The next step—that of transmitting to each elector a complete list of nominations accompanied by ballot for voting on the proposed names—will obviously require some time, and, pending the development of official action in the regular course of things, the banks have in practically every district held the equivalent of a nominating convention for the purpose of designating candidates for the directoral places. In some districts conflicting conventions of this kind have been held, with the the result that two or more “tickets” have been placed in the field. In the main, however, there has been a very substantial degree of harmony of action regarding the whole question. A tabulation of the recognized candidates now in the field in the several districts gives the following results:

RECOGNIZED CANDIDATES FOR RESERVE BANK DIRECTORATES

FIRST DISTRICT—BOSTON

Class A	GROUP I	Class B
F. W. ADAMS, cashier Merchants' National Bank, Bangor, Me.		H. J. BROWN, Portland, Me. W. MURRAY CRANE, Dalton, Mass.